

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

4. Paired Sales Analysis⁶³

As outlined above, the change from economic stagnation to growth within the immediate vicinity of the subject properties has been significant. To evidence this positive change, we analyzed price differences between property sales before and after the date of value by performing a paired sales analyses of land transactions in the subjects' immediate market area. In such a paired sales analysis, transactions having similar characteristics, but for the defining element of the date of sale, are compared. Differences in unit prices are compared to weigh a market-derived impact, if any, for this defining element. The following table and map summarize the paired sales and indicated price differentials, a percent change, and percent change per year.

Pair	Date	Location	Ac.	PSF	% Change	% Change/Yr.	Proposed Use
1 - Before	11/30/12 02/25/14	Bound by Colonial Pkwy., Ravello Dr., Merchants Way, and Westside Pkwy.	21.771	\$6.00			Multi-Family Development
1 - After	08/25/22	NE/C of Merchant's Way and Westside Pkwy. and NW/C of Merchant's Way and Ravello Rd.	7.989	\$25.00	317%	33%	Multi-Family Development
2 - Before	10/12/16	NW/C of Grand Circle Blvd. and Partnership Way	15.592	\$9.00			Commercial/Retail
2 - After	08/30/19	Bound by Colonial Pkwy., Westside Way, Grand Circle Blvd., and Partnership Way	11.272	\$20.00	122%	42%	Commercial/Retail
3 - Before	06/23/17	Bound by Colonial Pkwy., Westside Way, Grand Circle Blvd., and Partnership Way	11.272	\$11.00			Multi-Family Development
3 - After	08/30/19	Bound by Colonial Pkwy., Westside Way, Grand Circle Blvd., and Partnership Way	11.272	\$20.00	82%	37%	Commercial/Retail
4 - Before	07/26/17	SE/C of Mercantile Pkwy./Grand Circle Blvd., and NWC of Grand West Blvd./Grand Circle Blvd.	7.427	\$15.00			Commercial/Retail
4 - After	08/25/22	NE/C of Merchant's Way and Westside Pkwy. and NW/C of Merchant's Way and Ravello Rd.	7.989	\$25.00	67%	13%	Multi-Family Development
5 - Before	12/21/17	NE/C of Grand Circle Blvd. and Grand West Blvd.	2.522	\$17.00			Commercial/Retail
5 - After	06/22/22	W/S of Grand Circle Blvd., approx. 221 feet S of Merchant's Way	1.250	\$23.00	35%	8%	Commercial/Retail
6 - Before	01/11/18	SW/C of Mercantile Pkwy. and Grand West Blvd.	6.904	\$13.00			Retail/Office/Res. Condo
6 - After	04/16/19	N/S of Grand Circle Blvd., approx. 385 feet E of Grand West Blvd.	4.000	\$17.50	35%	27%	Future Devel./Investment
7 - Before	01/11/18	SW/C of Mercantile Pkwy. and Grand West Blvd.	6.904	\$13.00			Retail/Office/Res. Condo
7 - After	08/25/22	NE/C of Merchant's Way and Westside Pkwy. and NW/C of Merchant's Way and Ravello Rd.	7.989	\$25.00	92%	20%	Multi-Family Development
8 - Before	01/11/18	SWC of Mercantile Pkwy. and Grand West Blvd.	6.904	\$13.00			Retail/Office/Res. Condo
8 - After	08/30/19	Bound by Colonial Pkwy., Westside Way, Grand Circle Blvd., and Partnership Way	11.272	\$20.00	54%	33%	Commercial/Retail

⁶³ The Appraisal of Real Estate, 15th Edition, p. 372-373: "Paired data analysis is based on the premise that when two properties are equivalent in all respects but one, the value of the single difference can be measured by the difference in price between the two properties. ... Paired data analysis should be developed with extreme care to ensure that the properties are truly comparable and that other differences do not exist. Using only one such pairing to draw conclusions can lead to a false impression, since there may be significant factors unknown to the researcher that may impact the value. This is why appraisers try to use several paired sales to support the adjustments and prevent an unknown factor from contributing to a misleading conclusion."

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

Paired Sales Map



As evidenced by the above market data, overall price appreciation in the vicinity of the Westside Ventures properties has been precipitous within the last many years. As previously described, our research reveals this price appreciation effectively began when the University of Houston acquired the roughly 46-acres at the epicenter of the overall development and successfully vacated burdensome restrictions encumbering the use of the property. Once that occurred, the market awoke. The paired sales analysis clearly demonstrates the impact on land prices that this re-visioning created. Moreover, the market data indicates that even after Houston Community College entered the development, increases in land prices remained unabated.

In the following paragraphs we set forth individual analyses of the above paired sales.

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

Pairing 1 involves a tract of land adjacent to the subject Tracts B, C, and D. The initial purchase of 21.771 acres was made in two transactions: 13.781 acres closed on November 30, 2012, to *Katy Remington LP*, and the buyer (under the related entity *Merchants Acquisition LLC*,) exercised an option to purchase the remaining 7.989 acres on February 25, 2014. The buyer reported a blended rate for the purchase of both tracts to be approximately \$6,112,593 or \$6.00 per square foot. There were no restrictions to development on either site. The Allen Harrison Company subsequently built a 352-unit, 14-building Class A apartment complex on the north 13.7 acres. (This property subsequently sold in October 2017 to *VC-AREP Colonial Parkway Property Owner, LP* and in December 2020 resold to *Lakeside Place PFC*, a Public Facility Corporation established by the Houston Housing Authority for conversion to affordable housing.) The remaining 7.989 acres sold from *Merchants Acquisition LLC* in August 2022 to *CRP/AR Prose Merchants Way Owner, L.P.* (Alliance Residential Company/“Alliance Tract”), for development of multi-family housing. According to the seller, the target price was \$8,700,275 or \$25.00 per square foot, and the sales price exceeded this figure. Analysis of this paired sale over approximately 10 years, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 33% per year or 317% overall.

Pairing 2 involves tracts of land adjacent to the subject Tracts A and B. The Pair 2 sale prior to the HCC Katy Campus development is a 15.592-acre tract of land that sold from *Parkside NEC Grand Parkway/I-10, Ltd.* to *Grand Ten West, LP* in October 2016 for \$6,112,593 or \$9.00 per square foot for the development of a grocery store-anchored retail center. The site has frontage on and visibility to the Grand Parkway but no access. The tract has since been developed with three buildings, anchored by H-Mart grocery store, and the ownership divided into office/retail condominiums. Pair 2 sale after the development of the HCC Katy Campus is an 11.272-acre tract that sold from *Gross Land Fund I-A, LP* to *Grand Ten West III, LP* (“GTW3 Tract”) for investment/subdivision in August 2019 for \$9,820,166 or \$20.00 per square foot. This property was subsequently subdivided into six separate parcels, all of which have been sold and as of the date of this report and all but two of which have been developed with office condominiums, an office building, and a commercial retail property. The buyers’ intended uses of the undeveloped tracts are future development and senior housing. Analysis of this paired sale over approximately 3 years, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 42% per year or 122% overall.

Pairing 3 is the sale and resale of the 11.272-acre tract adjacent to the subject Tracts A and B, immediately south of the HCC Katy Campus tract. This property sold on June 23, 2017 from *Parkside NEC Grand Parkway/I-10, Ltd.* to *Gross Land Fund I-A, LP* for development of multifamily housing for \$5,401,044 or \$11.00 per square foot. According to market participants the buyer determined it could not build the number of multi-family units it originally intended to construct due to existing restrictions on the property. The tract re-sold on August 30, 2019, in an arm’s-length transaction from *Gross Land Fund I-A, LP* to *Grand Ten West III, LP* for investment/subdivision for \$9,820,166 or \$20.00 per square foot. This property was subsequently subdivided into six separate parcels, all of which have been sold and as of the date of this report and all but two of which have been developed with office condominiums, an office building, and a commercial retail property. The buyers’ intended uses of the undeveloped tracts is future development and senior housing. Analysis of this sale-resale pair over approximately 2

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

years, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 37% per year or 82% overall.

Pairing 4 involves a tract of land within the southwest quadrant of Grand Circle Boulevard and the “Alliance Tract” adjacent to the subject Tracts B, C, and D. The Pair 4 sale prior to the HCC Katy Campus development is a 7.427-acre, July 2017 sale from *Parkside NEC Grand Parkway/I-10, Ltd.* to *A-S 142 Shops at Katy Grand, L.P.* that traded for \$4,852,935 or \$15.00 per square foot, for the development of commercial retail space and subsequent ground lease of a portion of the property. The Pair 4 sale after the HCC Katy Campus development is the “Alliance Tract” sale adjacent to the subject tracts B, C, and D that sold for \$8,700,275 or \$25.00 per square foot in August 2022. Analysis of this paired sale over approximately 5 years, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 13% per year or 67% overall.

Pairing 5 involves tracts of land within the southeast quadrant of Grand Circle Boulevard, including a site adjacent to the subject Tract C. The Pair 5 sale before the HCC Katy Campus development is a 2.522-acre, December 2017 sale from *Parkside NEC Grand Pkwy./I-10, Ltd.* to *Orconn Equity, LLC* for development of a restaurant for \$17.00 per square foot. The Pair 5 sale after the HCC Katy Campus development adjacent to the subject Tract C is a 1.250-acre, June 2022 sale from *BCS Katy Grand LLC* to *Castle Star Texas LLC* for development of a gun range at a significantly greater price.

Pairing 6 involves tracts of land within the south half of Grand Circle Boulevard, including a site adjacent to the subject Tract C. The Pair 6 sale before the HCC Katy Campus development is a 6.904-acre, January 2018 sale from *Parkside NEC Grand Pkwy./I-10, Ltd.* to *Grand Ten West II, LP* (“GTW2 Tract”) for commercial mixed use/residential condominium development for \$13.00 per square foot. The Pair 6 sale after the HCC Katy Campus development adjacent to the subject Tract C is a 4.000-acre, April 16, 2019 sale from *Parkside NEC Grand Pkwy./I-10, Ltd.* to *Grand Circle Development, LLC* for investment/future development for \$17.50 per square foot. Analysis of this paired sale over approximately 15 months, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 27% per year or 35% overall.

Pairing 7 involves the “GTW2 Tract” within the southwest quadrant of Grand Circle Boulevard and the “Alliance Tract” adjacent to the subject Tracts B, C, and D. The Pair 7 sale before the HCC Katy Campus development was the January 2018, 6.904-acre “GTW2 Tract” for commercial mixed use/residential condominium development for \$3,909,828 or \$13.00 per square foot. The Pair 7 sale after the HCC Katy Campus development is the “Alliance Tract” adjacent to the subject tracts B, C, and D that sold for \$8,700,275 or \$25.00 per square foot in August 2022. Analysis of this paired sale over approximately four and a half years, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 20% per year or 92% overall.

Pairing 8 includes the “GTW2 Tract” within the southwest quadrant of Grand Circle Boulevard and the “GTW3 Tract” adjacent to the subject Tracts A and B. The Pair 8 sale before the HCC Katy Campus development was the January 2018, 6.904-acre “GTW2 Tract” for commercial mixed use/residential condominium development for \$3,909,828 or \$13.00 per square foot. The

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

Pair 8 sale after the HCC Katy Campus development is the 11.272-acre, August 2019 “GTW3 Tract” adjacent to the subject tracts A and B that sold for \$9,820,166 or \$20.00 per square foot. Analysis of this paired sale over approximately 20 months, before and after the purchase and announcement of HCC’s Katy Campus development, indicates an increase in price of 33% per year or 54% overall.

Based upon our research and analysis of the above paired sales, land sales prices in the subjects’ immediate vicinity, before and after the date of value, indicate an annual land sale price increase ranging between 8% and 42%, and an overall increase in land sale prices ranging between 35% and 317%. These increases far exceed the nominal land price increases in the greater Houston area during these time periods and are demonstrative of a submarket within rapid economic growth and positive market appeal.

Details concerning the land transactions analyzed in our paired sales analysis are found in the Addendum of this report.